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NEWS RELEASE

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Criminal Fraud Charges Filed Against Promoter of Real Estate, Billboard Investments ***Foote promised 2% per month on real estate notes; money was used for personal expenses ...***

SALT LAKE CITY, Utah – The Utah Attorney General's Office filed charges of theft and securities fraud today against Warren Kyle Foote, of Salt Lake City, for taking \$280,000 from three investors for investments in real estate and a billboard company called Red October, LLC. The criminal charges include five counts of securities fraud, two counts of theft, and one count of engaging in a pattern of unlawful activity.

According to the charging documents, Foote solicited investors from Salt Lake County during 2006 and 2007, selling stock, investment contracts, and promissory notes. One investor was told his money would be invested in real estate, another was told the money would be used to make hard money loans, and the third was told the investment was in an outdoor billboard company.

The charges allege that Foote told one investor that his hard money lending business was doing more than \$6 million in business. He promised 2% return per month on a \$30,000 investment, plus he would receive 12% of the proceeds from the sale of three building lots in Idaho. Foote personally guaranteed the investment and promised to make the investor a lien holder on the properties. Later investigation revealed the money was not used to purchase the building lots. A second investor gave \$50,000 based on promises the money would be used to make bridge loans to real estate developers at high interest rates. Instead, the state alleges the money was used for Foote's personal expenses and payroll.

In late 2006, Foote solicited money from an investor to purchase an electronic billboard company. He claimed the company was operating at only 20% of capacity, but still made \$378,000 per year in profits. The investors were told they would receive a percentage of the company, \$10,000 a month in salary, and dividends. Foote said the investment had very little risk and the investors could get out at any time. The investors borrowed \$200,000 against real estate they owned and gave the money to Foote.

The state accuses Foote of not providing adequate information about the investment including any financial statements, the risks of the investment, and a description of the background of Foote and other officers of the companies. The charges allege that Foote did not disclose that he had unpaid judgments against him and had previously filed bankruptcy.

In September 2007, Foote was ordered to cease and desist selling securities by the Division of Securities after he failed to defend himself in an action brought by the Division. *Note: Defendants are presumed innocent until proven guilty at trial or after entry of a guilty plea.*